

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 73 - SB 588**

February 8, 2013

**SUMMARY OF BILL:** Authorizes counties operating under the County Purchasing Law of 1957, to establish a procedure authorizing the county purchasing agent to declare county-owned personal property with an estimated value of \$1,000 or less to be surplus, obsolete, or unusable, and to dispose of the property by selling it on the open market or by gift, trade, or barter with a non-profit or charitable organization. Requires the purchasing agent to keep all records of transactions for a minimum of five years.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue - Exceeds \$10,000 /Permissive**

**Decrease Local Expenditures – Exceeds \$1,000/Permissive**


**Assumptions:**

- The provisions of the bill are permissive to local governments.
- According to County Technical Assistance Service (CTAS), the following counties currently operate under the County Purchasing Law of 1957: Anderson, Blount, Cocke, Coffee, Greene, Johnson, Lawrence, Loudon, Maury, Montgomery, Overton, Polk, Roane, Warren, and Washington.
- The legislative bodies of these counties are initially required to pass a resolution with two-thirds majority establishing the procedure. It is assumed this vote could be taken at a regularly scheduled legislative meeting.
- Pursuant to Tenn. Code Ann. § 5-14-108(o), county purchasing agents are required to sell county-owned personal property by public auction or sealed bid. The county purchasing agent must advertise all public auctions in a newspaper with county-wide circulation at least once or post notice in the county courthouse for at least five days.
- Based on responses to the 2012 Local Government Survey conducted by the Fiscal Review Committee, participating county officials reported an average cost of \$133 per legal notice published.
- County purchasing agents authorized to sell certain property on the open market or to non-profit or charitable corporations will no longer be required to provide public notice, resulting in a decrease in local government expenditures. While a precise figure cannot be determined, it is reasonably estimated that the associated recurring decrease in local government expenditures will exceed \$1,000.

- Pursuant to Tenn. Code Ann. § 5-14-108(g), counties are required to maintain records of all documents associated with the awarding of contracts; therefore, it is assumed maintaining records of all transactions under the provisions of this bill can be accommodated within existing resources and will not result in a significant increase in local government expenditures.
- It is indeterminable which counties will elect to authorize such transactions or how much personal property is owned by the county that will be sold at open market; however, it is estimated there will be a recurring increase in local government revenue exceeding \$10,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh